



AIR-CONDITIONING
& REFRIGERATION
INSTITUTE

Representing Manufacturers
of Heating, Ventilating,
Air-Conditioning and
Refrigeration Products

January, 21 2005

Mr. David Cronin
Maryland Energy Administration
1623 Forest Drive, Suite 300
Annapolis, Maryland 21403

Re: Comments on the Maryland Energy Administration's Request to Delay Certain Energy Efficiency Standards and Other Actions COMAR 14.26.03, Maryland Energy Efficiency Standards.

Dear Mr. Cronin:

The Air-Conditioning and Refrigeration Institute (ARI) submits these written comments on the proposed regulations to implement the Maryland Energy Efficiency Standards Act.

ARI is a North American trade association representing the manufacturers of over 90% of U.S. produced air conditioning and commercial refrigeration equipment. ARI represents a domestic industry of approximately 200 air conditioning and refrigeration companies, employing approximately 150,000 men and women in the United States. The total value of member shipments by these companies is over \$30 billion annually.

ARI is supportive of the effort to reduce energy consumption in the state. At the request of the Agency, we are submitting additional information on very large package air conditioning products to demonstrate the need for a one year delay in implementation for these regulations which will negatively impact businesses and consumers in the state.

Product Availability of Very Large Packaged Air Conditioning Equipment

ARI is concerned about key misconceptions regarding very large packaged air conditioning products that will limit their availability in the state. Specifically, as tonnage increases beyond 40 tons of cooling capacity product availability is severely limited. Secondly, no manufacturers produce a full line of equipment at various efficiency levels which will affect and distort the competitive marketplace for Maryland's consumers.

The Maryland Energy Efficiency Standards Act sets out a minimum efficiency rating of a 10 Energy Efficiency Ratio (EER) for all very large packaged air conditioning equipment regardless of size. However, in setting this standard there was no consideration of varying equipment sizes and more importantly, no recognition that as equipment becomes larger (increased tons of cooling capacity per unit), fewer products could meet the 10 EER. For example, between 20 and 63 tons of cooling capacity 80 percent of the products available nationally do not meet the standard. In the greater than 63 ton size category less than 10 percent of the models, industry-wide, can meet the 10 EER level. More problematic however, is the fact that there are no products available in sizes above 80 tons that meet the 10 EER. Therefore, it is very likely that consumers wishing to purchase properly sized equipment at large cooling capacities would find no products to buy and would be forced to install other types of cooling systems which are not necessarily as energy efficient. This could create an undue economic burden for Maryland consumers while at the same time defeating the intention of reducing electricity demand in the state.

Of equal importance in terms of product availability is the fact that no manufacturers produce a full line of equipment that meet the mandated efficiency levels. This will have a direct impact on Maryland consumers who have national accounts with manufacturers. These consumers have special relationships with manufacturers, and for economic and technical reasons, buy equipment for all of their businesses throughout the state or country from one single manufacturer. It would not be cost effective, nor is it a common business practice, for these national or statewide accounts to purchase equipment from one manufacturer (with which they have a business relationship) at certain cooling capacities, and purchase other equipment at different cooling capacities from a different manufacturer. Consequently, it is critical to Maryland national account businesses that manufacturers provide a full line of products.

Extending the compliance date by one year will allow all manufacturers the minimum time to complete short term redesign work that would increase the number of products available in varying sizes or tonnages in the state. We therefore request that the Agency consider an extension of the effective date to March 1, 2006 for sale in the state and January 1, 2007 for installation in the state.

Product Labeling

ARI recognizes the importance of identifying for consumers that products meet the efficiency levels mandated by the State. However, we believe that product labeling requirements contained in the proposed regulation present a significant logistical and financial burden for our industry. This is true for several reasons. These products are manufactured in a central location and shipped throughout the United States to distributors that are not necessarily owned or operated by the manufacturer. Therefore, it is impossible to determine which products will be made available for sale in Maryland. Additionally, management of a mixed system of different labeling requirements by state will be cumbersome, costly and significantly disrupt distribution channels. ARI estimates that compliance with the labeling system proposed in Maryland would cost approximately \$200,000 per year for the marking itself, not including the additional one-time costs for obsolescence due to unusable labels and materials already in factories. These figures, when multiplied by several manufacturers, create significant cumulative financial and regulatory burden on our industry, which will eventually be passed down to Maryland consumers.

We believe that a better solution is to verify efficiency by model number. Identification by model number will satisfy the requirement that "the product and packaging reflects that the product meets an efficiency standard" since the product is certified to the state by model number. Finally, it is also important to realize that commercial refrigeration and air conditioning products differ greatly from the other products regulated by this legislation. Specifically, they are not sold to the general public but rather through contractors and/or developers. Contractors, developers, and the code officials who approve the required building permits, reference, purchase and approve this equipment by model number. In effect, emphasizing model numbers will actually go further to insure that the proper equipment is sold and installed in the state.

Thank you for considering our comments and if you have any questions or need any additional information, please do not hesitate to contact me. Thank you.

Sincerely,

[signed]

Don Davis
Director
Legislative and Regulatory Affairs